

EXECUTIVE DIRECTOR'S MONTHLY REPORT

MARCH 2007

Each month I establish, with input from the Directors, the priority issues on which management and the staff focus. This report summarizes the work that was accomplished during the month as well as other items I feel will give the Council a better understanding of what the staff and I are doing to accomplish our performance objectives.

I. Improve the efficiency and accountability of management within the organization

- Continuous Improvement

Work continues on the four projects. The staff values statement will be finalized at the March All Staff meeting after review by each of the Departments. The Strategic Leadership Team is leading the effort on project chartering and performance measures. Four teams have been chartered with focused efforts and targeted results. Results are expected by the end of March.

- At the joint Audit and Personnel Committee meeting on February 8, 2007, a Working Group was formed with one member from each committee to be working with Finance and Human Resources staff to recommend agency policies for retiree health benefit level, and funding existing obligations for retiree health care, and the supplementary pension benefit program. They will hold their first meeting in March.
- The CFO has initiated a comprehensive review of Best Practices implementation in the Contracts Division. The review includes an internal audit of compliance with federal and state contracting rules and procedures.

II. Provide support to the Regional Council in providing direction and leadership to SCAG

- On February 2nd, I met with the Cities of Palmdale and Lancaster to discuss opportunities to implement the Compass 2% Strategy in the Antelope Valley. Mayor Pro Tem Mike Dispenza, Palmdale, Steve Williams, City Manager and Asoka Hearsh, Planning Director represented the City of Palmdale while Robert LaSala, City Manager and Brian Ludicke, Planning Director represented Lancaster. We discussed potential economic growth strategies in the Valley consistent with the Region's long-term strategies, including high speed regional transport, expansion of the Palmdale airport, and growth in the logistics industry. Follow up items include developing a joint proposal for a Compass Demonstration Project to explore a range of development scenarios and economic strategies for the Valley, and the completion of a short-term economic forecast report for Lancaster.
- On February 20th – 22nd I attended a National Round Table on reauthorization of the Surface Transportation Act at the Pocantico Conference Center. The session developed a national vision that could guide the reauthorization. I will present the vision at our next meeting.
- On February 23rd I attended a SCAG/SCAQMD/CARB staff retreat to discuss issues relative to the 2007 South Coast AQMP. While some issues were resolved, those involving the PM2.5 attainment demonstration, including the ability to meet the 2015 attainment date, SCAQMD's proposed additional control measures for CARB commitment, and the Plan submittal strategy, were not. In order to demonstrate attainment with the PM2.5 standard, the SCAQMD has proposed that CARB commit to additional emission reductions beyond those set forth in the recently proposed State and federal control strategy. SCAQMD has identified an additional 72 tons per day NOx emission reductions that they believe are feasible, the majority coming from on-road heavy-duty vehicles, goods movement sources, and construction

equipment. The SCAQMD is requesting that CARB commit to these reductions and thereby allow an integrated Ozone and PM2.5 Plan to be prepared and submitted to USEPA by the June 2007 Ozone Plan submittal deadline. CARB's position is that the PM2.5 attainment demonstration is ultimately about the "legacy fleet" of older, highly polluting on- and off-road engines, and that currently there is neither the technical basis nor the financial resources to achieve the necessary reductions. The State plans to take the time allowed under law (submittal of PM2.5 Plan to USEPA by April 2008) to see if the necessary control measures can be developed, or to put on the table the price tag for buying out and turning over the "legacy fleet." CARB generally disagrees with the feasibility of SCAQMD's proposed additional mobile source control strategies, but agreed to evaluate a few that may have merit and which might provide approximately 10 - 20 tons per day NOx reductions.

I stressed that the 2007 South Coast AQMP is the pivotal policy relative to advancing any transportation projects in the region. Environmental and community groups have declared that air quality improvement must be assured prior to advancing new transportation projects and will otherwise seek to block environmental clearances. Therefore, the AQMP must provide a plausible attainment demonstration to meet the Clean Air Act (CAA) deadlines for both PM2.5 (2015) and ozone (2023), and which puts the critical technological and financing issues on the table. To this end, I supported SCAQMD's position of preparing an integrated Ozone and PM2.5 Plan, with the understanding that it is within CARB's discretion whether or not to submit the PM2.5 portion to USEPA in June 2007 or wait until the CAA deadline of April 2008. In the event CARB does not submit the PM2.5 portion in June, an integrated Plan can serve as a working public draft for a refined PM2.5 Plan to be submitted next year, and which can include a goods movement control measure as further developed in the upcoming Regional Transportation Plan.

A Board/Regional Council Members and executive staff "study session" will be coordinated between the three agencies to further discuss the unresolved issues. (See Page 3).

III. SCAG Operations

- Personnel. Recruitments continue for many staff positions. The Director of Government and Public Affairs and the Chief Legal Counsel recruitments are starting in March utilizing the services of Executive Search firms. We anticipate filling both positions by May 2007.
- Training and Development/Professional Pathways. At the request of SCAG staff, Human Resources has initiated a SCAG Toastmasters group for interested employees. Thirty employees have registered to belong to the Toastmasters group and meetings started in March. Toastmasters is designed to assist individuals with enhancing their communication and leadership skills in their professional and personal lives.

The Leadership/Supervisory/Management training series in March with classes on Project Management and People Management Skills. Speech communication and SAP training are ongoing. The wellness theme for March is Nutrition. Human Resources kicked off a SCAG walking club in February to encourage staff wellness. The Club meets twice a week during the lunch hour with approximately 20 participants.

IV. Implement Adopted Regional Plans

- Maglev Business Case Development. David Chow of IBI Group, which is SCAG's consultant working on the Maglev passenger conceptual design project, provided a brief presentation to the January Transportation and Communications Committee and to the February Maglev Task Force of staff's investigation into whether the passenger business case can be enhanced with the addition of Maglev/high-speed ground transport freight service. Over the past few months, the IBI team, in consultation with goods movement experts, has identified the preliminary cost factors associated with conventional cargo transport modes compared to a potential Maglev/high-speed ground transport freight system. In the coming few months, the IBI Group will continue working with staff to refine the business case development to further explore and detail the viability of a passenger/freight Maglev/high-speed ground transport system in the SCAG region.
- Aviation. On February 8th SCAG hosted a workshop by the Southern California Regional Airport Authority (SCRAA) that solicited comments on proposed revisions to the SCRAA joint powers agreement that would change the mission, powers and membership of the agency. The SCAG Aviation Task Force developed comments on those proposed revisions at a meeting held before the SCRAA workshop. The Aviation Task Force Chairman Alan Wapner presented the comments developed by the task force at the SCRAA workshop, noting that they would be submitted to the SCAG Regional Council for formal approval at their next meeting in March.

V. Develop Additional Planning Efforts

- Air Quality. SCAQMD Board Chairman Burke recently sent a letter to SCAG Regional Council President Burke and CARB Chairman Sawyer requesting a Board-level meeting seeking to resolve outstanding issues regarding the 2007 South Coast Air Quality Management Plan. Mayor Ron Loveridge and Mayor Pro Tem Tom Sykes have been appointed by President Burke to attend this meeting scheduled for mid-March. The issues include a "blip" in the vehicles miles traveled (VMT) data for the year 2005 in CARB's emission factor model (EMFAC2007) relative to SCAG data, what is considered acceptable as attainment demonstrations for ozone and PM2.5, what controls are necessary and feasible to achieve the PM2.5 standards by 2015, and whether or not to bifurcate the ozone and PM2.5 plans (the federally required submittal dates are June 2007 and April 2008, respectively).
- Regional Comprehensive Plan. The Policy Committees have approved preliminary performance outcomes for each of the nine Regional Comprehensive Plan (RCP) chapters. This step will serve as a starting point for intensive outreach and stakeholder involvement. Notably, SCAG will host a workshop in the near future to familiarize local officials with the plan outcomes and strategies, and to discuss the potential for legislation that would tie funds from the recent State infrastructure bonds to regional plans of this type. Staff will circulate information on this session as soon as it is finalized. Additionally, SCAG hosted a workshop focused on agricultural issues, for the Open Space Chapter of the RCP, on February 13th.
- Compass Blueprint. Staff presented SCAG's Transit Oriented Development (TOD) research and Compass Blueprint demonstration project initiatives at the Local Government Commission's 6th Annual New Partners for Smart Growth Conference held in downtown Los Angeles. The La Cienega visualization video clip and other public engagement techniques and research tools were showcased. SCAG was a major sponsor and maintained a Compass Blueprint exhibit and display table during the conference.

- Regional Housing Needs Assessment. The staff has worked diligently over the past two weeks in finalizing the Draft Regional Housing Needs Assessment (RHNA), 2006 to 2014, and Existing Housing Needs Statement. A disc containing draft allocation plan was mailed to every City Manager and County Administrative Officer in the Region. Letters were also sent in response to 68 local governments related to their comments on the proposed RHNA Methodology, the application of the AB 2158 planning factors and other planning considerations. The Ventura County Council of Governments accepted delegation and will be administering the appeals process. The cities of Los Angeles and San Fernando are considering delegation. The RHNA appeal and revision process will start on February 15th and will run through March 16, 2007. Afterwards, public hearings will be set and the RHNA Appeals Board will make determinations on Draft Allocation Plan adjustments. The Regional Housing Needs Assessment web pages have also been overhauled to make them easier to navigate, while also highlighting important topics for local governments.
- Goods Movement. Jim Gosnell attended the February CEO monthly meeting. The agenda was primarily a review of the Multi-County Goods Movement Study conducted by a consultant for SCAG, the county commissions, Caltrans and SANDAG. The study cost a little over \$1 million. It reinforced the idea of the truck lanes along the corridors identified in the 1998 Regional Transportation Plan. The CEO's discussed the results so far and next steps that might be needed. It was noted that environmental mitigation is crucial if this issue is to be successfully addressed. There was recognition that high speed rail needs to be considered further. While not agendaized, the CEO's also agreed to support the LA Chamber's annual trip to Washington to talk with key officials. We also distributed to the commissions recent results of our evaluation of the CMIA projects in our region.

On the Goods Movement MOU, effort is still underway to obtain state and federal partnership support/signatures. The CEOs agreed to have SANBAG write a letter to the Governor on behalf of the commissions to emphasize the importance of this MOU. Staff attended the Faster Freight Cleaner Air Conference.

- Economic Forecast Conference. The 10th Annual Regional Economic Forecast Conference will be held on March 9th at the Ontario Convention Center from 10:00 a.m. to 2:00 p.m. The theme of this year's conference is "The Middle Class on Life Support: Strategies for Revitalizing Southern California's Economy."

This conference will bring together distinguished economists, business leaders, state and local elected leaders, as well as university officials and other experts to speak about a variety of issues relating to our region's position and economic competitiveness. The diverse and dynamic collection of presenters for this year's conference promises a stimulating event. Luncheon speakers include the Honorable Tom Torlakson, Chairman of the State Senate Democratic Caucus, and Jim Flanigan, New York Times columnist and former Los Angeles Times columnist. Staff attended the Los Angeles Economic Development Corporation's Economic Forecast Conference.

The Regional Council Members and policy committee members are invited to attend free of charge. Please see me or call Barbara Dove at (213) 236-1861 to reserve your seat.

- Corridor Mobility Improvement Account (CMIA). SCAG has completed its performance assessment of the projects nominated in the SCAG region for the CMIA program. Results were distributed at the February 9, 2006 meeting of the CEOs. The California Transportation Commission (CTC) staff released their recommendations for the CMIA program on February 16th, and a meeting of the Regional Transportation Planning Agencies (RTPAs) was held on February 20th to discuss the nominations. The SCAG region received \$978 million out of the \$2.8 billion recommended by the CTC staff for the first year of the program. This represents only 35% of the statewide funding even though SCAG has 49% of the state's population. The CTC will take action on February 28th.

The February 20th CTC meeting began with comments from CTC Executive Director John Barna and CTC Deputy Director David Brewer. Their comments focused on the challenges they faced in coming up with staff recommendations for the CMIA program in 30 days. Brewer discussed the three areas in which the projects were rated: 1) Delivery – the date the project will be delivered and the reliability of this date; 2) Value – the congestion mitigation benefit/cost data as measured by Caltrans' model; and 3) Appropriateness – does the nominated project meet the goals of the CMIA Program. In total, 149 projects totaling \$11.3 billion were submitted (the available CMIA funding is \$4.5 billion).

The CTC staff recommendation stated that the CTC should only approve funding for \$2.8 billion with the remaining funds to be approved in 2008. This was due to their concerns about project delivery and so the 60-40 north south split requirements can be met in 2008.

All of the regions then participated in presenting their arguments for projects that were included in the CTC staff recommendations, the level of CMIA funds for the nominated projects, and the nominated projects that were left off that list. All of the counties in the SCAG region testified at the meeting. The public hearing was highlighted by the Los Angeles delegation which featured Supervisor Gloria Molina, Mayor Antonio Villaraigosa, Congressman Brad Sherman, and other state senators and assembly persons within Los Angeles County. All of these elected officials spoke on behalf of having the CTC include the 405 carpool lane project in the CMIA program since the CTC staff recommendation failed to include this project. Some of the elected officials from Los Angeles County also spoke on behalf of other projects that were not selected by the CTC staff recommendation and requested their inclusion in the CMIA program. SCAG testified at the CTC in support of the region needing additional funding and projects given our needs. Other regions from around the state also spoke on behalf of their projects to be included in the CMIA program.

After the comments from all of the regions were completed, the CTC Commissioners discussed what the course of action should be. There was a debate about whether to approve all \$4.5 billion of CMIA funds on February 28th or to have a second round of funding in April 2007. Other issues that were raised by the commissioners included whether or not there was a right mix of projects that addressed congestion mitigation and connectivity. The CTC staff recommendation had 80% of the recommended projects address congestion mitigation while the other 20% addressed connectivity issues. The question that was vexing the commissioners and staff was if this ratio was appropriate. Further questions were also raised about the Governor's letter (dated February 20, 2007) which listed the projects he wanted to receive CMIA funding.

At the end of the discussion, the CTC decided that the projects they would consider would be the projects recommended for the CMIA program by CTC staff and the projects from the Governor's letter at the February 28th meeting. CTC does not anticipate voting all \$4.5 billion at the February 28th meeting. The remaining CMIA funds will be approved at the April 2007 CTC meeting. Between now and the April 2007 CTC meeting, CTC staff will contact the regions to answer any questions regarding the nominated projects.

Subsequent to the February 20th CTC meeting, the CTC staff issued a second staff report on February 26, 2007 recommending fully programming the \$4.5 billion available to the CMIA. This staff recommendation included the HOV project on I-405 between I-10 and US-101 in LA County, as well as HOV on SR-91 between Adams and 60/91/215 Interchange in Riverside County. The proposed new recommendation would increase funding to SCAG Region to 42.55% from previously recommended 35% level. This is still short of the 49% of the state population that SCAG region represents.

VI. Data & Planning Methods

- HPMS Annual Workshop and Data Collection. In coordination with Caltrans and local jurisdictions, Data and Monitoring staff has initiated the 2006 data updates of Highway Performance Monitoring System (HPMS) data. In addition, to assist local jurisdictions in completing the 2006 data update request, staff is also working with Caltrans regarding the annual HPMS workshops scheduled for March 7, 2007 (at SCAG Los Angeles offices) and March 8, 2007 (at SCAG Riverside offices). HPMS is a federally mandated reporting system for public road data. Each year, the local jurisdiction is required to update HPMS data for Caltrans through SCAG. HPMS data has been used for federal funding allocation decisions as well as input for local and regional planning process; hence, its completeness and accuracy are critical for the region and all local jurisdictions.
- GIS Training Sessions Successfully Completed. During the first week of February 2007, GIS staff conducted the annual GIS training workshop as part of its commitment to support dissemination of GIS knowledge to all jurisdictions in the SCAG region. The four day-long GIS training sessions were well-attended by 16 representatives from the SCAG member jurisdictions. This year's GIS training used ARCGIS 9.1 and covered beginner and intermediate GIS user skills. It included GIS data management, development, visualization, analysis, and interpretation. Moreover, there was a shifting in the focus to address more data analysis and decision-making using GIS. The sessions were successfully conducted and there was great interest among all trainees for SCAG to offer GIS training at a more frequent basis in the future.

VII. Legislative and Communication Programs

- RHNA Pilot Program.

SCAG's RHNA pilot program bill, SB 12, sponsored by Senator Alan Lowenthal, passed out of the State Senate on Monday, February 5th by vote of 38-1. The legislation is in the Assembly and our lobbyist anticipates that the bill will secure much support in the Assembly and should be passed by the Legislature by April. Staff is working to address concerns from member jurisdictions regarding the appeals process and how reallocations will be proportionately disbursed in order to move the legislation along as an urgency measure. The Assembly Housing Committee will hear SB 12 on Wednesday, March 7th. Additionally, funding legislation to support the RHNA process will be uppermost on SCAG's legislative agenda early in this year's session.

My staff and I are working with Senators Perata, Lowenthal and others to provide any information and assistance to them to craft language incorporating our Blueprint concepts for SB 46, the current proposed legislative vehicle for the bond implementation. As part of our efforts, we are attending the various bond related committee hearings in the Legislature to offer input and to coordinate efforts with our planning partners. Staff monitored the February 13th hearing of the Senate Transportation and Housing Committee on the implementation of Proposition 1C. Written testimony was submitted to be included in the official record of the hearing. SCAG was represented at the February 27th hearing of the Senate Natural Resources and Water Committee in order to provide testimony on the implementation of the Flood Bond Provisions of Proposition 1E and Proposition 84. SCAG was also represented at the February 27th hearing of the Senate Transportation and Housing Committee in order to provide testimony on regional transportation priorities and the implementation of Proposition 1B. The next bond implementation hearings held by the Senate Natural Resources and Water Committee & Senate Transportation and Housing Committee will be on March 6th & 7th. In addition, we will be holding a workshop in the coming weeks to bring together local government officials and staff to explain how bond funds will be disbursed at the local level.

Assemblymember Lloyd Levine has re-introduced legislation that will provide for the tribal governments in the SCAG region to join the SCAG General Assembly. Assembly Bill 169 is anticipated to be heard in the Assembly Committee on Local Government in late February. SCAG has held preliminary discussions with the Governor's staff to address any issues related to tribal governments entering into a JPA with SCAG.

SCAG is conducting its 5th Annual Southern California Consensus Trip to Washington, DC, on Tuesday, February 27, 2007 through Thursday, March 1, 2007. This year our visit to the nation's capitol will focus on goods movement issues and funding. The trip will provide us with an excellent forum to deliver California's message in a clear and unified voice to the new Congressional Leadership, California's Congressional delegation, and senior ranking staff of the Administration, USDOT, and other agencies. This year's attendees include SCAG Regional Council members Yvonne B. Burke, Gary Ovitt, Harry Baldwin, Art Brown, Judy Dunlap, Robin Lowe, Larry McCallon, Ron Roberts, and Jeff Stone. Our requests for this trip includes; legislation establishing a dedicated goods movement trust fund providing for large multi-state and regional goods movement projects; legislative authority/funding to capitalize on innovative financing opportunities to increase capability for public-private investment, including tax credit bonds, tax credit equity financing, and an expanded TIFIA Program; and matching funds for billions of dollars of state bond monies to fund trade corridor projects.